

Illinois Commerce Commission
Evaluation of the Status of Retail Competition in Illinois
Comments of the Illinois Industrial Energy Consumers (IIEC)
In Response to the Notice of Workshop Process
April 21, 2006

IIEC appreciates the opportunity to submit these comments in response to the Notice of Workshop Process issued by the ICC Staff on April 5, 2006. IIEC submits the following comments on items “1” and “2” in the workshop notice:

1. Please comment on the draft proposed definition [of retail competition] and feel free to offer an alternative definition.

IIEC’s Response:

The definition proposed by the ICC Staff in the Notice of Workshop Process reads as follows:

“Retail Competition: The ability of retail electric customers to choose whether to purchase their electricity supply from either the local electric utility or from an alternative retail electric supplier. The amount of competitive retail activity is maximized when all identified barriers to wholesale and retail competition have been eliminated.”

While the Staff’s definition may provide a good start, IIEC believes the definition proposed by the Staff is overly generalized and simplistic. Effective retail competition implies more than a theoretical or legal ability to select an alternative retail electric supplier. To evaluate the presence of genuine retail electric competition for any consumer segment, the ICC must consider a variety of factors that impact the vibrancy of the competitive retail market and its ability to deliver benefits to customers. Such factors include, but are not limited to, the following:

- The ease of market entry and exit for potential competitors;
- The contestability of each consumer segment;
- The existence and the exercise of market power by incumbent or other power providers;
- Competitiveness and robustness of overriding wholesale markets;
- Customer access to information and customer education regarding retail power costs, retail product options, and alternative retail suppliers; and
- Technical or policy impediments to customer switching, such as policies governing each of the following: the calculation and assessment of retail energy settlement mechanisms, the development of standard offer rates, the development of retail customer load profiles, the standardization of terms and conditions for delivery services, and the proliferation of advanced metering technology.

In addition to the factors listed above, a comprehensive definition of effective retail competition should incorporate appropriate benchmarks to gauge the presence of robust retail customer choice in Illinois. Such benchmarks include, but are not limited to, the following:

- The number of alternative suppliers that are registered to serve, and actually serving, each consumer segment;
- The quantity and diversity of retail product offerings available to each consumer segment;
- The rate and sustainability of switching activity for each consumer segment, measured by the number of customers and amount of load switched;
- For larger customers, the number of competitive offers received in response to requests for proposals; and
- Evidence of effective retail price competition. Such evidence may include analyses demonstrating the competitiveness of retail power supply offers relative to an appropriate standard, such as an estimate of what retail power prices would have been in Illinois under traditional regulation.

2. Please provide a list of topics that future workshops should address. Please provide suggestions as to how these topics should be addressed (i.e. in-person workshops, conference calls, etc.)

IIEC's preference is that workshops in this matter be conducted via conference calls, and that other exchanges of information be completed via electronic mail.

IIEC appreciates the opportunity to submit comments in response to the Staff's Notice of Workshop Process, and we look forward to participating in the ICC's collaborative effort to evaluate the status of retail competition in Illinois. IIEC requests that the following individuals be included on the e-mail list for the workshop process:

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